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SUBJECT: LIBERIA: PRESIDENT CALLS FOR CONTINUED REFORM IN THIRD
STATE OF THE NATION ADDRESS

1. (U) SUMMARY. In her third State of the Nation Address before a joint session of the National Legislature January 26, President Sirleaf summarized the achievements of her government in 2008 and called for Liberia to "sustain this progress" in 2009. She vowed to continue the fight against corruption. She thanked donors for debt relief and contributions to all four Poverty Reduction Strategy (PRS) pillars, and asked for their emergency support in fighting the army worm infestation. She called the United States Liberia's "key partner" and lauded us for the return of Peace Corps, the opening of the American International School of Monrovia, Security Sector Reform, and for according Liberia Millennium Challenge threshold status. She announced a moratorium on all international adoptions until the GOL can introduce more safeguards for adopted children. Finally, she declared a reduction in business and personal tax rates in order to make Liberia's investment climate more attractive during the global financial crisis. The full text of speech can be found on the Executive Mansion website at:
http://www.emansion.gov.lr/doc/2009_Annual_Me ssage.pdf
END SUMMARY.

CORRUPTION

2. (U) President Sirleaf said the GOL's greatest challenge in 2009 would continue to be the fight against corruption. She reiterated that the recent increase in press stories on corruption was not indicative of an increase in actual corruption, but rather a sign of a truly free press that is ready to expose dishonest officials. She lauded the Anti-Corruption Commission (ACC) and the General Auditing Commission for their work in 2008 and asked the Legislature to continue supporting them. She also asked the Legislature to pass the Code of Conduct for Public Servants, a pending amendment to the Public Procurement and Concessions Commission Act, and a forthcoming asset freeze provision in the Penal Code as soon as possible. Sirleaf announced she has set up a committee to inspect county development project funding and asked the county legislative caucuses to continue their oversight of the projects but to stop interfering in their implementation. The President said the Ministry of Justice would be working with the Judiciary to set up a special mechanism for handling corruption cases expeditiously. Finally, she vowed that 90% of all GOL employees will be paid by direct deposit by April 2009.

U.S. ASSISTANCE AND INVESTMENT

3. (U) President Sirleaf said President Bush's February 2008 visit was historic for Liberia and thanked USAID for fulfilling the promise he made for 10,000 desks and one million books. She called the return of Peace Corps proof that Liberia was on the right development track and expressed her gratitude for Liberia's designation as a Millennium Challenge Account threshold country. Sirleaf thanked us for our contribution to Peace and Security Pillar (see paragraph 6). She praised the opening of the American International School of Monrovia and, looking at the Chief Justice, called for an end to harassment of the school by "questionable

judicial" activity. She said Delta Airlines' planned direct flight to Monrovia could bring new investment from the United States.

MORATORIUM ON ADOPTIONS

14. (SBU) Sirleaf unexpectedly announced a moratorium on all international adoptions until a special committee she created looks into the "gross mismanagement" by both U.S. personnel at the American-run Acres of Hope NGO and GOL officials who lured children with living parents into orphanages and sometimes sexually abused them. She said the adoption program will be suspended until regulations for adoptions have been strengthened and vowed to submit a comprehensive National Social Welfare Policy and National Adoption Act to the Legislature by the end of the year.

POVERTY REDUCTION STRATEGY

President Sirleaf thanked donors for their assistance to the four pillars of the Poverty Reduction Strategy (PRS) and highlighted GOL achievements made under each one.

-- PEACE AND SECURITY

16. (U) Sirleaf thanked the United States for our contribution to Peace and Security Pillar through the Security Sector Reform program. She noted that the Armed Forces of Liberia reached its full strength of 2,057 soldiers in 2008 and that the re-establishment of the Coast Guard was underway. She was grateful

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for the training that led to the activation of the Emergency Response Unit (ERU) of the Liberia National Police (LNP) and pledged that all 500 ERU officers would be operational by the end of 2009. She noted that there is approximately one police officer for every 1,000 Liberian citizens and said she would look for assistance to help recruit and train more officers. She vowed to submit the Liberian National Security and Intelligence Act to the Legislature sometime this session.

-- ECONOMIC REVITALIZATION

17. (U) Sirleaf highlighted the sharp improvement in economic indicators - GDP, GOL revenue, foreign reserves, and exports - under her administration. She said the global financial crisis was a "mixed curse" for Liberia, with lower costs of imported food and fuel outweighing lower export revenues from rubber. Calling agriculture the key to economic development, she said the crisis provides incentive for Liberians to boost domestic food production (and reduce the \$200 million spent on rice imports last year) and offered five acres of land to any Liberian willing to move out of Monrovia to farm. Sirleaf thanked the donors for committing to debt relief and vowed to keep Liberia on course towards the HPIC completion point. She also called on the Legislature to ratify several concession agreements, including with Buchanan Renewable Power (\$150 million), China Union mining (\$2.6 billion), and forestry concessions. While applauding foreign investment in the extractive industries, she noted weak growth by Liberian businesses, and criticized cumbersome and corrupt procedures at the port. (See paragraph 11 for more on the investment climate.)

-- GOVERNANCE AND RULE OF LAW

18. (U) Under Governance and Rule of Law, Sirleaf said steps would be taken in 2009 to speed up the lethargic judicial process. A magistrate would be assigned to the Monrovia Central Prison to expedite hearings for pre-trial detainees. She said she looked forward to the official opening of "Criminal Court E" in the coming weeks in order to tackle the large backlog of rape and gender-based violence cases. She also said the Ministry of Justice would crack down on "professional jurors" who leapfrog from case to case in search of fees. (Note: Juries earn most money from bribes rather than the paltry official remuneration. End note.)

-- INFRASTRUCTURE AND BASIC SERVICES

¶9. (U) Stating that roads and bridges were the highest priority identified by Liberians in the PRS county consultation process, Sirleaf promised substantial upgrades in 2009. After thanking China for its road construction work thus far, Sirleaf said systematic work on all of the streets in Monrovia would begin in two weeks and would be finished in two years. She also promised work on specific rural primary roads and some farm-to-market roads. Sirleaf said the GOL did not have the funds to rehabilitate the country's five ports but would offer a Build Operate and Transfer (BOT) scheme to interested foreign companies. She vowed to dismiss port employees for theft and said better security at the port would reduce freight costs and thus the price of imported goods on the Liberian market. She said 11,000 affordable housing units would be constructed in 2009 and praised revival of the state-owned Liberia Telecommunications Corporation "that will compete with the private GSM companies."

DECLARATION OF EMERGENCY AGAINST ARMY WORMS

¶10. (U) Sirleaf declared a state of emergency in Bong County and other areas affected by the army worm caterpillars. She instructed the Ministry of Finance to make funds available quickly to help fight the insects' progression and provide relief to those who lost their crops, and called on foreign partners for rapid assistance.

IMPROVED INVESTMENT CLIMATE

¶11. (U) President Sirleaf has long stressed the need to improve the business climate in order to support investment. She called on the legislature to pass revisions of the Investment Code, the Revenue Code and the Public Financial Management Act and announced new tax reductions. She said the revised Labor Code would include an increase in the minimum wage, (which is currently 25 cents an hour or \$2 per 8-hour day).

COMMENT

¶12. (SBU) The Sirleaf Government has made impressive progress towards its development goals in 2008, including the adoption of an

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inclusive Poverty Reduction Strategy, debt relief, and security sector reform. The challenge will be to sustain this progress into 2009 as she begins the second half of her six-year term. The low-hanging fruit has been gathered and the remaining challenges - such as seriously tackling corruption, reforming the judicial system, and attracting new investment amidst the global financial crisis - will be more difficult. Sirleaf, however, seems to be enthusiastically up for the challenge. She did not hesitate to point fingers and announce politically tough initiatives. Her particularly hard-hitting statements on corruption will set the tone for the coming year. We eagerly await her promised imminent Cabinet reshuffle to find out whom she thinks is worthy of bringing along on the journey.